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March 29, 2004

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

RE: Investigation Regarding the Assignment of Interstate Pipeline Capacity, D.T.E.  
04-1

Dear Ms. Cottrell:

I am writing on behalf of Algonquin Gas Transmission Company ("Algonquin") regarding the investigation by the Department of Telecommunications and Energy (the "Department") in the above-referenced proceeding regarding the assignment of interstate pipeline capacity. On March 1, 2004, the Department received initial comments from a number of market participants including Amerada Hess Corp. In these comments, Algonquin would like to correct certain factual inaccuracies contained in those comments.

For the Department's information, Algonquin is a wholly owned subsidiary of Duke Energy Corporation. Algonquin owns and operates a natural gas pipeline system extending from points near Lambertville and Hanover, New Jersey, through the states of New Jersey, New York, Connecticut, Rhode Island and Massachusetts to points near the Boston area. Algonquin delivers natural gas pursuant to Parts 284 and 157 of the regulations of the Federal Energy Regulatory Commission at numerous points along its system, including major metropolitan areas such as Boston, Providence and Hartford.

For the record, Algonquin would like to correct the following errors contained in the initial comments of Amerada Hess:

- (1) The Hubline Project does not interconnect with the Tennessee Gas Pipeline system. Amerada Hess states that the Hubline pipeline connects with the Algonquin and Tennessee systems in the Boston area (Amerada Hess Initial Comments at 3). In fact, the Hubline Project, consisting of facilities wholly owned by Algonquin, is an extension of the Algonquin system from Weymouth, MA to a point of interconnection with the Maritimes & Northeast Pipeline in Beverly, MA.

- (2) The total amount of capacity listed in Table A for the Algonquin system is incorrect. Amerada Hess lists the total capacity with New England city gates on the Algonquin system as 2,337,374 Dth in Table A (*id.* at 13). In fact, total peak day capacity on the Algonquin system with New England citygates is approximately 1,674,000 Dth. It appears that the chart set forth as "Table A" inappropriately includes lateral capacity that is not part of the mainline system available to serve retail customers in Massachusetts.
- (3) Contracts released by LDCs will not necessarily be available to marketers serving customers in Massachusetts. Amerada Hess suggests that LDCs should turn back portions of the capacity currently available to Massachusetts customers upon the expiration of existing contracts (*id.* at 19). However, Algonquin would like to clarify that there is no assurance that such capacity will remain available to any particular customer because the interstate pipelines are required to follow the provisions of their respective FERC Gas Tariffs in awarding capacity and delivering gas in accordance with the shipper's instructions. Accordingly, if LDCs desire to ensure that capacity remains available to serve their customers, Algonquin submits that such capacity must remain contractually dedicated on a firm, primary basis to serve those markets.

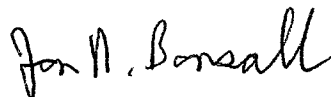
Algonquin appreciates the opportunity to file comments in this proceeding. We would also appreciate it if the Department would add the following persons to the service list for this proceeding:

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Thank you for your attention to this matter.

Sincerely,



Jon N. Bonsall, Esq.

Enclosure

cc: Service List, D.T.E. 04-1